

## Producer Company Overview

A Producer is any person engaged in any activity connected with or relating to any primary produce (Produce: “things that have been produced or grown, especially by farming”). A Producer Company is thus a body corporate having an object that is one or all of the following:

**Production, harvesting, procurement, grading, pooling, handling, marketing, selling, export of primary produce of the Members or import of goods or services for their benefit.**

Further, the Producer Company must deal primarily with the produce of its active Members and is allowed to carry on any of the following activities by itself or through other entities – on behalf of the members.

1. Processing including preserving, drying, distilling, brewing, vinting, canning and packaging of produce of its Members;
2. Manufacture, sale or supply of machinery, equipment or consumables mainly to its Members;
3. Providing education on the mutual assistance principles to its Members and others;
4. Rendering technical services, consultancy services, training, research and development and all other activities for the promotion of the interests of its Members;
5. Generation, transmission and distribution of power, revitalisation of land and water resources, their use, conservation and communication relating to primary produce;
6. Insurance of producers or their primary produce;
7. Promoting techniques of mutuality and mutual assistance;
8. Welfare measures or facilities for the benefit of Members as may be decided by the Board;
9. Any other activity, ancillary or incidental to any of the activities which may promote the principles of mutuality and mutual assistance amongst the Members in any other manner;
10. Financing of procurement, processing, marketing or other activities which include extending of credit facilities or any other financial services to its Members.

## Producer Company Registration

For incorporation of Producer Company, below requirements are to be fulfilled-

1. Minimum no. of 10 members (individuals or any two or more Producer institutions);
2. Minimum no. of 5 directors;
3. Maximum No. of members- No limit
4. PAN and AADHAR of Subscribers and Directors;
5. Passport Size Photograph of each and every Subscribers and Directors;
6. Occupation, Email Id and Contact Number;
7. Conveyance/ Lease deed/Rent Agreement etc. along with rent receipts;
8. Copy of the utility bills (not older than two months); (Utility Bill- Electricity bill, telephone bill, bank statement, mobile bill)
9. NOC from Landlord for the registered office address;
10. Minimum Authorised Share Capital of Producer Company is Rs. 5,00,000/-;
11. Requirement of minimum paid up share capital is removed;
12. Only persons engaged in an activity connected with, or related to, primary produce can participate in the ownership.
13. The members have necessarily to be **primary producers**.
14. Share capital of a Producer Company shall consist of **equity shares only**.

15. Members' equity cannot be publicly traded but only transferred
16. Only of individuals, then voting rights shall be based on a single vote for every member.
17. The Members to nominate a person within 3 months after incorporation of the Company.

#### **Members' benefits:**

- Members will initially receive only such value for the produce or products pooled and supplied as the directors may determine.
- The withheld amount may be disbursed later either in cash or in kind or by allotment of equity shares.
- Members will be eligible to receive bonus shares.
- An interesting provision is for the distribution of **patronage bonus** (akin to dividend) after the annual accounts is approved — patronage bonus means payment out of surplus income to members in proportion to their respective patronage (not shareholding).

#### **Objects of Memorandum of Association (MOA) of Producer Company-**

- (1) The objects of the Producer Company shall relate to all or any of the following matters, namely : -
- (a) Production, harvesting, procurement, grading, pooling, handling, marketing, selling, export of primary produce of the Members or import of goods or services for their benefit:  
Provided that the Producer Company may carry on any of the activities specified in this clause either by itself or through other institution;
  - (b) Processing including preserving, drying, distilling, brewing, vinting, canning and packaging of produce of its Members;
  - (c) Manufacture, sale or supply of machinery, equipment or consumables mainly to its Members;
  - (d) Providing education on the mutual assistance principles to its Members and others;
  - (e) Rendering technical services, consultancy services, training, research and development and all other activities for the promotion of the interests of its Members;
  - (f) Generation, transmission and distribution of power, revitalisation of land and water resources, their use, conservation and communications relatable to primary produce;
  - (g) Insurance of producers or their primary produce;
  - (h) Promoting techniques of mutuality and mutual assistance;
  - (i) Welfare measures or facilities for the benefit of Members as may be decided by the Board;
  - (j) any other activity, ancillary or incidental to any of the activities referred to in clauses (a) to (i) or other activities which may promote the principles of mutuality and mutual assistance amongst the Members in any other manner;
  - (k) financing of procurement, processing, marketing or other activities specified in clauses (a) to (j) which include extending of credit facilities or any other financial services to its Members.

(2) Every Producer Company shall deal primarily with the produce of its active Members for carrying out any of its objects specified in this section.

**Note:** Primary produce has been defined under the Companies Act 1956 as a produce arising from agriculture by a farmer which includes animal husbandry, floriculture, horticulture, viticulture, pisciculture, re-vegetation, bee raising, forestry, forest products and farming plantation products, produce of hand-loom, handicraft and other cottage industries.